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NATIONAL DAIRY PRODUCTS CORPORATION

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ANNUAL REPORT
1924

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National Dairy Products Corporation

New York, N. Y., February 24, 1925.

TO THE STOCKHOLDERS:

I submit herewith the second annual report of the National Dairy Products Corporation for the calendar year ending December 31, 1924, including the Consolidated Balance Sheet of the Corporation and its Subsidiaries as of that date, Consolidated Statement of Profit and Loss and the Consolidated Statement of Surplus for the year 1924, as prepared and certified by Price, Waterhouse & Co.

During the past year the entire common stock of J. T. Castles Ice Cream Company, of Newark, N. J., and the Castles Ice Cream Company, of Perth Amboy, N. J., was acquired by your company against which there were issued 40,000 shares of the capital stock.

In addition, there was acquired the entire common stock of the W. E. Hoffman Company, which operates plants in Altoona, Philipsburgh, Tyrone and Barnesboro, Pa., and the assets and business of the Durkin Ice Cream Company of Waukegan, Ill. Since January 1, 1925, the entire common stock of Moore Brothers Company, of Oil City and Meadville, Pa., and the assets and business of William Ohlhaver Company of Aurora, Ill. were acquired These acquisitions involved no further issue of National Dairy Products Corporation capital stock, the purchases having been financed out of earnings. The additional businesses acquired in this way should add materially to the earnings of your company for the year 1925.

In accordance with its established policy, your Board of Directors expects to add further properties during the year, as advantageous opportunities arise.

For the year 1924 the consolidated net earnings of your company and its subsidiaries, after deducting all charges including ample depreciation and federal income and profits' taxes, amounted to $2,353,214.18. These profits include the earnings for the calendar year of the companies acquired during 1924. After providing for dividends for the full year on the stock of subsidiary companies outstanding as of December 31, 1924, the balance remaining would be equivalent to $6.10 per share on the stock of the National Dairy Products Corporation then outstanding.

During the year under review your company's business has shown an increase both in volume and profits, despite the existence of unfavorable weather conditions during the busiest season.

The business since January 1, 1925, shows a satisfactory improvement over the same period of 1924. I believe that the outlook for 1925 is promising and that the results of this year's operations should prove gratifying.

By order of the Board of Directors,

E. E. RIECK,
Chairman.

National Dairy Pro

AND SUBSIDIA

CONSOLIDATED BALANCE SHEET

Assets

Current Assets:		
Inventories at cost or market, whichever is lower	$ 631,702.72	
Notes and accounts receivable, less reserve	1,148,700.61	
Cash surrender value of life insurance policies	113,107.58	
United States Treasury and Liberty Loan bonds and other marketable securities at cost	76,035.00	
Cash in banks and on hand	1,754,070.33	
		$ 3,723,616.24
Investments and Advances:		
Investments	$ 324,188.31	
Advances	127,699.56	
		451,887.87
Sinking Fund:		
Cash deposited with trustee, and other assets payable to the trustee when liquidated in cash to retire first mortgage 6% bonds of Hydrox Corporation		42,415.00
Capital Assets:		
Land, buildings, machinery and equipment:		
Properties appraised:		
On the basis of appraisals in 1922, 1923 and 1924 at sound values together with subsequent additions at cost, less reserve for depreciation	$10,344,264.88	
Properties of subsidiary companies, not appraised:		
On the basis of cost, less reserve for depreciation	417,822.66	
		10,762,087.54
Deferred Charges:		
Unamortized bond discount, prepaid taxes, insurance and other expenses	$ 126,030.57	
Miscellaneous supplies and repair parts	301,570.64	
		427,601.21
Goodwill, Trade Names and Other Intangible Values		1.00
		$15,407,608.86

We have examined the books and accounts of the National Dairy Products Corporation and subsidiar stocks were acquired during the year, and find that the above consolidated balance sheet as at December 3 we certify that, in our opinion, the consolidated balance sheet as of December 31, 1924 and relative stater and subsidiary companies at December 31, 1924, and the results of the operations for the year ending on

56 Pine Street,
New York.
February 20, 1925.

ducts Corporation

Y COMPANIES

DECEMBER 31, 1924

Liabilities

Current Liabilities:		
Notes payable	$ 46,829.34	
Accounts payable including sundry accruals	921,331.22	
Dividends payable and accrued	90,719.66	
Provision for Federal taxes	327,373.74	
		$1,386,253.96
Reserve for Contingencies		148,095.80
Funded and Mortgage Debt:		
First mortgage 6% bonds of Hydrox Corporation, due September 1, 1925 to 1928, at the rate of $30,000.00 per annum, and the balance of $160,000.00 on March 1, 1929	$280,000.00	
Mortgages assumed on property purchased	184,000.00	
Real estate mortgage notes	35,000.00	
		499,000.00
Minority Stockholders' Interest in Capital and Surplus of Subsidiary Companies		4,819.33
Preferred Stocks of Subsidiary Companies:		
Per statement attached		6,196,400.00
Capital and Initial Surplus:		
Authorized—1,000,000 shares of capital stock of no par value. Issued—309,717 shares of capital stock of no par value		6,342,836.85
Earned Surplus, per statement attached		830,202.92
Contingent Liability on Notes Receivable Discounted	$137,819.45	
		$15,407,608.86

companies for the year ending December 31, 1924 and the books and accounts of the companies whose 1, 1924 and relative statements of profit and loss and surplus have been correctly prepared therefrom, and ents of profit and loss and surplus fairly state the financial position of the National Dairy Products Corporation hat date.

PRICE, WATERHOUSE & CO.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Year Ending December 31, 1924

(Including the results of the operation of the W. E. Hoffman Company, J. T. Castles Ice Cream Company, and the Castles Ice Cream Company of Perth Amboy, prior to date of acquisition.)

Net sales	$20,180,892.46
Deduct—Cost of sales including delivery expenses and depreciation..	15,708,458.84
Gross profit	$ 4,472,433.62
Other income	193,923.80
Gross profit and other income	$ 4,666,357.42
Deduct—Administrative, selling and general expenses and interest on funded and floating debt	2,015,368.63
Balance	$ 2,650,988.79
Deduct—Federal taxes	297,774.61
Net profits of combined companies	$ 2,353,214.18

NOTE:—After providing for dividends for the full year on stocks of subsidiary companies outstanding at December 31, 1924, these profits would be equivalent to $6.10 per share on the stock of National Dairy Products Corporation then outstanding.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SURPLUS

Year Ending December 31, 1924

Net profits of combined companies for the year ending December 31, 1924, as per statement of profit and loss	$2,353,214.18	
Less—Profits of W. E. Hoffman Company, J. T. Castles Ice Cream Company and the Castles Ice Cream Company of Perth Amboy prior to date of acquisition....	333,978.68	
Balance		$2,019,235.50
Deduct—Dividends paid and accrued on stocks of subsidiary companies held by the public:		
Preferred	$ 350,482.83	
Common	2,238.25	
		352,721.08
Balance applicable to common stock of National Dairy Products Corporation		$1,666,514.42
Deduct—Dividends paid on common stock of National Dairy Products Corporation from time to time outstanding		836,311.50
Surplus at December 31, 1924, as per balance sheet		$ 830,202.92

STATEMENT OF PREFERRED STOCKS OF SUBSIDIARY COMPANIES

December 31, 1924

Rieck-McJunkin Dairy Company:		
8% cumulative preferred stock:		
Authorized—350,000 shares of $10.00 each.....		
Issued———312,170 shares of $10.00 each.....	$3,121,700.00	
Less—Held in Treasury 30 shares of $10.00 each	300.00	
		$3,121,400.00
Hydrox Corporation:		
7% cumulative preferred stock:		
Authorized—20,000 shares of $100.00 each.....		
Issued———12,500 shares of $100.00 each.....		1,250,000.00
J. T. Castles Ice Cream Company:		
Cumulative preferred stock:		
Authorized and issued—12,000 shares of no par value represented by $100.00 capital per share, and entitled to dividends at the rate of $7.00 per share per annum.....		1,200,000.00
Castles Ice Cream Company of Perth Amboy:		
Cumulative preferred stock:		
Authorized and issued—3,000 shares of no par value represented by $100.00 capital per share, and entitled to dividends at the rate of $7.00 per share per annum.....		300,000.00
W. E. Hoffman Company:		
7% Cumulative preferred stock:		
Authorized and issued—3,250 shares of $100.00 each		325,000.00
		$6,196,400.00